



Fact Sheet

U.S. Department of Agriculture
Foreign Agricultural Service
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Permanent Normal Trade Relations with China **What's at Stake for North Dakota?**

North Dakota is an important producer of agricultural products and a major exporter. As for exports, North Dakota ranked 16th among all 50 states, with the value of agricultural products leaving the state estimated at \$1.1 billion in 1998. These exports help boost farm prices and income, while supporting jobs both on the farm and off the farm in food processing, storage, and transportation.

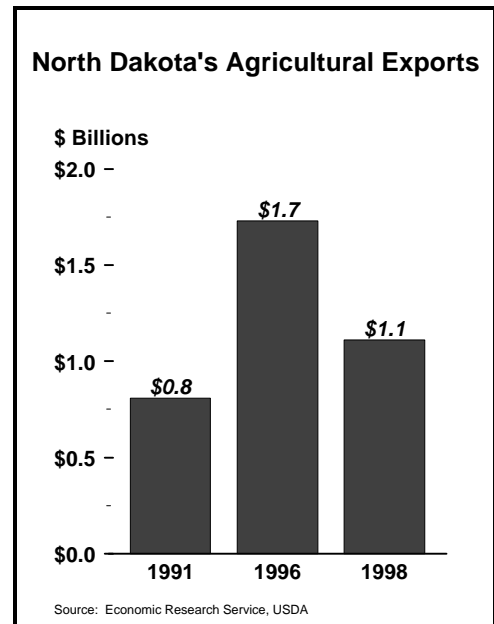
Trade Benefits

The following key products are important to North Dakota, and expected to reap some of the largest export gains from China's accession to the World Trade Organization (WTO).

- # **Wheat**—As the nation's second largest wheat grower, North Dakota's wheat and product exports worldwide were estimated at \$483 million in 1998. China's grain policies are becoming more market-oriented and its WTO accession commitments will speed up this process, opening up real long-term opportunities for foreign suppliers. China committed to a nominal 1-percent tariff on all grains imported within a tariff-rate quota (TRQ). The TRQ on wheat will be initially set at 7.3 million metric tons and grow to 9.6 million metric tons by 2004. As a result of the 1999 U.S.-China bilateral agreement, China also agreed to import wheat and other grains from the Pacific Northwest. In 1998, China imported less than 2 million metric tons of wheat from all countries.

- # **Soybeans**—North Dakota's soybeans and product exports were estimated at \$113 million in 1998. China is the world's largest growth market for soybeans and products, and has taken important steps under its WTO accession agreement to open its market to these products. Tariffs will be bound at a low 3 percent on soybeans and 5 percent on soybean meal with no quota limits. For soybean oil, the tariff will drop to 9 percent, and the tariff-rate quota and state trading will be eliminated by 2006.

- # **Vegetables**—North Dakota's fresh and processed vegetable exports were estimated at \$109 million in 1998. Under its WTO accession agreement, China's tariffs on vegetables will drop up to 60 percent, depending on the product, by 2004. For example, existing tariffs of 16 percent on lettuce and 13 percent on broccoli, celery, frozen sweet corn, and mixed vegetables will fall to 10 percent. Tariffs on canned tomato paste will fall from 25 percent to 20 percent. Deeper cuts are planned for canned sweet corn and tomato ketchup. Tariffs on these products, now set at 25 percent and 30 percent, will fall to 10 percent and 15 percent, respectively.



Feed Grains—North Dakota's feed grain and product exports were estimated at \$100 million in 1998. China's grain policies are becoming more market-oriented and its WTO accession commitments will speed up this process, opening up real long-term opportunities for foreign grain suppliers. China committed to a nominal 1-percent tariff on all grains imported within a tariff-rate quota (TRQ). The TRQ on corn will be initially set at 4.5 million metric tons and grow to 7.2 million metric tons by 2004. Private traders will be permitted to handle 25 percent of imports under the TRQ, growing to 40 percent. In 1998, China imported less than 250,000 metric tons of corn from all countries. China's commitment to end export subsidies will reduce its price competitiveness for corn in other markets.